

Regulating car-rental franchise agreements

SB 1538 by O.H. Harris/Cain

- DIGEST:** SB 1538 would have regulated franchise agreements involving motor vehicle renting or leasing. The parties to such an agreement would have been required to deal in good faith and could not have imposed unreasonable performance standards upon each other. The party granting the franchise could not have terminated it without good cause under reasonable commercial standards. The provisions of the bill would not have been actionable under tort law.
- GOVERNOR'S REASON FOR VETO:** "This bill is vetoed at the request of the sponsors."
- RESPONSE:** "We asked for it," said Sen. O.H. (Ike) Harris, author of SB 1538, of the governor's veto. He explained that after the bill had passed, a concern was raised that contracts with perpetuity clauses might not be covered under the bill, which would have applied prospectively. Sen. Harris decided to request the veto and address this concern next session.
- NOTES:** SB 1538 passed the House on the Consent Calendar and was not analyzed in a *Daily Floor Report*.